



18 April 2024
Dunelm Group plc

Third quarter trading update

Continued sales growth, driven by volume

Dunelm Group plc (“Dunelm” or “the Group”), the UK’s leading homewares retailer, updates on trading for the 13-week period ended 30 March 2024.

	Q3		Year-to-date	
	FY24	YoY	FY24	YoY
Total sales	£435m	+3%	£1,307m	+4%
Digital % total sales¹	37%	+1ppts	36%	+1ppts

¹ Digital includes home delivery, Click & Collect and tablet-based sales in store

Highlights

- Total sales in Q3 increased by 3% to £435m, driven by volume
- Growth in both store and digital channels, with digital sales participation up 1ppt to 37%
- Increased gross margin by 60bps year-on-year, maintaining strong operational grip while continuing to offer outstanding value
- Full year gross margin now expected to expand by c.110bps year-on-year
- Continued to strengthen our customer offer as the ‘Home of Homes’
- Despite a challenging sales environment, we currently expect FY24 PBT to be broadly in line with market expectations²

² Company compiled consensus average of analysts’ expectations for FY24 PBT is £202m, with a range of £200m to £205m

Continuing to deliver sales growth in an uncertain market

Total sales increased by 3% to £435m, despite both the homewares and furniture markets remaining challenging. As has been widely reported, trading conditions have continued to be volatile with March in particular seeing softer levels of demand. However against this backdrop, our offer continues to resonate with customers and our volume-driven sales performance is underpinned by growth across both store and digital channels. We therefore believe we have continued to gain further market share in the period.

The mix of digital sales increased by 1ppt reflecting the ongoing improvements we are making to our online customer proposition, such as improving the speed of the website.

Gross margin

Gross margin remained strong and increased by 60bps in the quarter. As expected, the rate of year-on-year improvement is slowing as we begin to lap the benefit of lower freight costs, whilst foreign exchange movements remain a headwind. We are managing the ongoing impact of Red Sea surcharges, and despite this, we now expect full year gross margin to be ahead of previous guidance and to increase by c.110bps year-on-year.

Strategic and operational update

We are continuing to make good progress building the 'Home of Homes' by strengthening our customer offer, extending and digitalising our total retail system and evolving our marketing ecosystem. We have successfully launched our spring / summer product ranges alongside our latest brand marketing campaign, which extends our brand platform by positioning Dunelm as the place to go for all of our customers' home needs. We expect the television campaign to be viewed over 200 million times, with further exposure across radio, social, and other digital channels.

We remain on track to hit our store openings target for FY24, with four new stores open to date and a further two (including one relocation) planned to open by the end of the year. We have also continued to develop our digital customer proposition, now offering further flexibility on customer delivery options and multi-channel giftcards.

We are continuing to apply our usual operational grip, including managing the impact of Red Sea disruption. Our availability has remained generally strong, benefitting from our committed supplier model, which along with the breadth of our ranges, has meant that sales have been largely unaffected to date.

Outlook

We have continued to deliver sales growth in a challenging market, whilst improving our gross margin. While there are signs that the outlook for UK consumers may be easing in some areas, it remains difficult to predict when this might translate into better conditions in our markets. Despite the trading environment, we currently expect FY24 PBT to be broadly in line with market expectations³.

Our commitment to developing and investing in our customer proposition leaves us well positioned and gives us confidence in our ability to gain further market share. We remain excited about the future opportunity for Dunelm and confident that we have the right strategy in place to develop our business for the long term.

³ Company compiled consensus average of analysts' expectations for FY24 PBT is £202m, with a range of £200m to £205m

Nick Wilkinson, Chief Executive Officer, commented:

"We have delivered a resilient performance in Q3, with continued volume-based sales growth through a period of more challenging and volatile market conditions. Whilst discretionary spend remains under pressure, our relevant and attractive product offer continues to resonate with customers as they shop across our broad ranges to find quality and value for all areas of the home.

"This performance reflects our deep-rooted understanding of our customers and the effectiveness of a total retail system which continues to drive growth across store and digital channels, bringing further

market share gains. At the same time, our operational grip continues to mitigate ongoing cost headwinds and has supported a strong gross margin performance.

“Looking ahead, we are excited about strengthening our customer offer, and the breadth of growth opportunities this presents. Consumer behaviour continues to be difficult to predict, however we remain confident in our ability to navigate current conditions whilst delivering further sustainable growth and market share gains.”

For further information please contact:

Dunelm Group plc

investorrelations@dunelm.com

Nick Wilkinson, Chief Executive Officer

Karen Witts, Chief Financial Officer

MHP

07595 461 231

Oliver Hughes / Rachel Farrington / Charles Hirst

dunelm@mhpgroup.com

Next scheduled event:

Dunelm will release its fourth quarter trading update on 18 July 2024.

Quarterly analysis:

	52 weeks to 29 June 2024						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£389.6m	£482.9m	£872.5m	£434.5m			
Total sales growth	+9.2%	+1.0%	+4.5%	+2.6%			
Digital % total sales	35%	37%	36%	37%			

	52 weeks to 1 July 2023						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£356.7m	£478.3m	£835.0m	£423.3m	£380.5m	£803.8m	£1,638.8m
Total sales growth	-8.3%	+17.6%	+5.0%	+6.1%	+6.1%	+6.1%	+5.5%
Digital % total sales	33%	35%	34%	36%	39%	37%	36%

Notes to Editors

Dunelm is the UK's market leader in homewares with a purpose 'to help create the joy of truly feeling at home, now and for generations to come'. Its specialist customer proposition offers value, quality, choice and style across a growing range of products, spanning multiple homewares and furniture categories and including services such as Made to Measure window treatments.

The business was founded in 1979 by the Adderley family, beginning as a curtains stall on Leicester market before expanding its store footprint. The business has grown to 183 stores across the UK and has developed a successful online offer through dunelm.com which includes home delivery and Click & Collect options. 152 stores now include *Pausa* coffee shops, where customers can enjoy a range of hot and cold food and drinks.

From its textiles heritage in areas such as bedding, curtains, cushions, quilts and pillows, Dunelm has built a comprehensive offer as the 'Home of Homes' including furniture, kitchenware, dining, lighting, outdoor, decoration and DIY. The business predominantly sells specialist own-brand products sourced from long-term, committed suppliers.

Dunelm is headquartered in Leicester and employs over 11,000 colleagues. It has been listed on the London Stock Exchange since October 2006 (DNLM.L) and the business has returned over £1bn in distributions to shareholders in the last ten years⁴.

⁴ Ordinary dividends plus special dividends plus special distributions